MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BOD 3134 – ORGANISATION DEVELOPMENT

(All sections / Groups)

27 OCTOBER 2017

3:00PM – 5:00PM

(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of **FIVE (5)** pages with **TWO (2) SECTIONS**.
2. Answer **ALL** questions in **SECTION A** and **SECTION B**. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write all your answers in the Answer Booklet provided.

SECTION A: Answer ALL questions. (50 marks)

QUESTION 1

a) Comment on the following potential problems areas in the diagnostic phase: over diagnosis, crisis diagnosis, practitioner's favorite diagnosis, diagnosis of symptoms, and threatening diagnosis. (10 marks)

b) Your company, Johnson Farm Products, has decided to expand its traditional business serving farm owners in order to include home gardeners in its customer base. This change is not met with enthusiasm by the sales personnel who have had good long-term relationships with area farmers. You know that the change will be difficult if you cannot overcome the resistance of the sales personnel and obtain their cooperation. Propose **FIVE (5)** strategies in order to overcome the resistance of change. (15 marks)

(Total: 25 marks)

QUESTION 2

a) The Dean of business school is worried that while the total number of students choosing business majors is increasing, the number of female business majors is falling significantly. The Dean asked for your advice. As an OD practitioner, how would you proceed with the data collection process on this issue?

(18 marks)

b) Job burnout has come to be recognised as a major work stress problem. What are some of the more common characteristics of individuals that encounter job burnout?

(7 marks)

(Total: 25 marks)

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SECTION B: Read the case and answer ALL questions. (50 marks)

MANAGING ORGANIZATIONAL CHANGE: IT'S NOT JUST A PICNIC

Alpha Plantations Sdn. Bhd. is an oil palm plantation located in Malaysia. It consists of an oil palm estate and one palm oil mill. It is a wholly owned subsidiary of a British multinational company and was founded with the purpose of supplying crude palm oil for its parent company's detergent manufacturing business. Since its formation, most of the managers have been recruited from the UK, with many British ex-soldiers and policemen joining up. Mr. Ang Siow Lee first joined Alpha mill in 1965 at the age of 15 as a labourer, and rose through the ranks to become the most senior non-managerial staff in Alpha. Mr. Ang is the senior production supervisor in Alpha's palm oil mill. His immediate superior is the mill manager and he has two junior supervisors to assist him. The mill operates on a 3-shift cycle of 25 operators each and each supervisor (including Mr. Ang) is in charge of one shift.

Mr. Ang is responsible for the smooth daily palm oil processing operations. He coordinates the activities of all three shifts with the two supervisors, prepares the daily production reports, deals with short term human resource planning issues, minor discipline issues and sets and evaluates short term performance targets for all the three shifts. In addition, he acts as the "gatekeeper", which means that any mill personnel who wish to see the mill manager must first see Mr. Ang, who tries to solve the problem first, which may be anything from house repairs to a request for an advance on wages. Only in rare cases when Mr. Ang cannot resolve the issue then the matter are brought up to the mill manager. Mr. Ang ran a tight ship, and never let anyone forget it. His superb technical competency helped him keep the mill in top shape. He was used to receiving the highest appraisal ratings from the mill manager, who appreciated his firm, methodical and almost militarily efficient way of running the mill. The palm oil industry in Malaysia faced many challenges in 1999. World oil prices plunged due to oversupply and with it, palm oil prices hit a 15 year low. This cut the profit margins of all palm oil producers and caused Alpha mill to post losses in regularly.

Captain Chubb, the 54 year old ex-Royal Engineer and mill manager, was at a loss on how to improve performance. "We are doing nothing wrong, and have met all our efficiency targets. It's this market that is killing us!" he exasperatedly explained during the annual year-end visit of the directors from London. Very soon Captain Chubb was given his marching orders. In early 2000 a new mill manager was appointed who was very different from all his predecessors. Mr. Ian Davison, a 32 year old who hailed from Edinburgh, Scotland, was not a career plantation engineer and had never managed an agricultural product-processing mill before. He was actually an electronics engineer with an ivy-league MBA on the fast track to a top management position. His previous appointment was as factory manager of a detergent factory in Egypt where he managed to streamline and modernize operations and increase financial performance drastically. Headquarters in London had high hopes that he will be able to do the same with Alpha mill and return it to profitability. His first action was to analyze operations at Alpha mill and look for ways to reduce production costs and increase profits. He arrived at the following conclusions:

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- Current performance standards allowed too much machine breakdown and changeover time. Better standards were achievable with the latest technology.
- Wastage could be reduced and yield improved drastically by installing machinery based on new technology.
- Personnel numbers were too high - could be reduced with technology and multitasking and unleashing full potential of workers.
- Personnel were just "cruising along" - they were not fully committed to achieving better performance.
- Hygiene needs were not being met.
- The old colonial and hierarchical company culture was not conducive to performance improvement.
- Information was not shared across the mill. Operators only knew about their own little area in the mill and almost nothing about the company as a whole.

Davison proposed to remedy the situation with the following initiatives:

- Empower operators by reorganizing the shifts into self-directed production teams where the supervisors would now play the role of "facilitators", and thereby gain commitment.
- Install new technology and automation.
- Adopt more stringent performance standards.
- Reduce manpower complement by multitasking and multiskilling.
- Improve employee housing and benefits.
- Open door policy - employees have free access to mill manager.
- Regular team meetings and briefings to share information.
- Culture change project to reinforce non-hierarchical, empowered organization.

Mr. Davison implemented and executed these initiatives by first organizing an excursion to a local picnic spot for the entire factory. After the icebreakers, games and lunch, he held a briefing session on the beach, where he explained the situation Alpha mill was in and the need to make changes. He then unveiled his plan for the first time. The response was enthusiastic, although some operators privately confessed to not understanding some of the terminology Mr. Davison used. At the end of the excursion, when there was some time allocated for feedback, Mr. Ang expressed his full support for Mr. Davison's plan. "We in Alpha mill have full confidence in you, our new leader and we assure you of our 110% support to make your plan a success!" he said at the end of his speech.

When the new machinery had been installed and each shift had been reorganized into self-directed work teams the plan was put into motion. Whenever the team faced a problem during processing and tried to find a solution using the techniques that had been taught, Mr. Ang would step in after some time, issue instructions and take over the process. "This is a simple problem, no need to waste time over it. Just do...." His instructions were always followed and the immediate problem was always solved. However, the production team reverted to the old ways of working, and none of the expected benefits of teaming were realized. Given the new tighter performance standards and reduced manpower, the team consistently underperformed. Team meetings were one-way affairs where Mr. Ang would tell everyone else what had gone wrong.

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Mr. Ang's response to this was to push him hard. He was always the first to arrive and the last to leave. He would spend a lot of time troubleshooting process problems. He pushed his operators even harder, but he felt that he had less of a "handle" on his operators now that they had direct access to the mill manager and most of their minor needs were seen to by him. Sometimes he became annoyed of his operators' mistakes and would resort to shouting and cursing, which had the immediate effect of moving people in the direction he wanted. This was in contrast to the mere glare that would have sufficed previously.

The continued poor performance of Alpha mill affected Mr. Ang's mid-year appraisal rating, which fell down from "excellent" to merely "adequate". During the appraisal interview, an annoyed Mr. Davison bluntly told Mr. Ang that he needed to understand clearly what the initiatives were all about, and that he had to let the team take some responsibility, make mistakes and learn from them. "With your knowledge of this mill, you should be able to provide them with all the technical input they need," he said. Mr. Davison also added. "It might help if you treated our people with a little more respect. We aren't living in the 1940's anymore you know." Mr. Ang was thunderstruck by the appraisal but did not raise any objections on the spot. He silently deferred to Mr. Davison's judgment and promised to do better. He also reiterated his utmost support for Mr. Davison and his plan.

After the mid-year appraisal, there was a noticeable change in Mr. Ang's demeanour. He became very quiet and began to take a less active role in the daily running of the mill. He was superficially polite to the operators and answered most requests for help with "Get the team together and discuss it amongst yourselves. Show the boss that you can solve it for yourselves." At first the teams were at a loss and mill performance suffered badly, but within two weeks the team had found its feet and performance began to improve. One of Mr. Ang's junior supervisors, Mr. Raman, was able to coordinate between production teams to ensure that the performance gains were maintained. The effect on Mr. Ang was devastating. He became withdrawn and began to drink more than usual. His presence at team meetings became a mere formality and he contributed next to nothing, taking a back seat to other team members. He spoke very little to mill personnel and became a mere shadow of his former self.

Mr. Davison was very aware of the changes taking place on the mill floor. He decided that it was time to have Mr. Ang removed from his position. He began to plan for a reshuffle of Alpha mill's organization chart where Mr. Ang would be promoted to the new position of mill executive, a staff position with a small pay raise. His responsibility would be to advise the mill manager on technical, quality and efficiency problems faced by the mill. He would be assigned to carry out minor improvement projects and performance audits from time to time. Mr. Raman would be promoted as supervisor and report directly to the mill manager. Mr. Ang would no longer have any line authority over the production team. This reorganization was quickly approved by head office and Mr. Davison proceeded to lay the groundwork for the announcements and the necessary paperwork. Little did he foresee what was to follow?

Mr. Ang was in the head office one morning when the personnel executive's clerk congratulated him on his imminent promotion. A surprised Mr. Ang enquired further and learned of the plans that Mr. Davison had in store for him. It was the final straw. He rushed back to Alpha mill just as Mr. Davison was about to conduct his noon mill inspection.

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The confrontation was very loud, acrimonious and in public. It ended with Mr. Ang being terminated for insubordination and gross misconduct.

After Mr. Ang had left, Mr. Davison felt that the obstacle to better commitment and morale was gone and that performance would improve greatly. He was very wrong. Team performance began to deteriorate and no amount of pep talks could improve it. He began to wonder what had gone wrong.

Source: Adapted from Sciubd.com

QUESTION 1

What were the early symptoms that could have helped Mr. Davison understand the situation better? Identify at least **FOUR (4)** symptoms.

(16 marks)

QUESTION 2

What was the root cause of the problems that manifested in this case? Identify and discuss at least **THREE (3)** major root causes.

(12 marks)

QUESTION 3

Has Mr. Davison managed the change process adequately? Why and why not? (6 marks)

QUESTION 4

Describe how you will help Mr. Davison to develop a change process by using the OD model you have learned in class (Lewin's Change Model OR Action Research Model).

(16 marks)

(Total: 50 marks)

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